



TAMIL NADU NEWSPRINT AND PAPERS LIMITED

CIN: L22121TN1979PLC007799

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Dear Shareholders,

In continuation of the 39th Annual Report (2018-19) already sent to you, we send herewith the Comments of the Comptroller and Auditor General of India on the Accounts of the Company for the year ended 31st March, 2019 and Addendum to Director's Report.

Thanking you,

Yours faithfully,

S.SIVASHANMUGARAJA, I.A.S.,
MANAGING DIRECTOR

Date: 13.09.2019



TAMIL NADU NEWSPRINT AND PAPERS LIMITED
COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER
SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS
OF
TAMILNADU NEWSPRINT AND PAPERS LIMITED
FOR THE YEAR ENDED 31 MARCH 2019

The preparation of the financial statement of Tamil Nadu Newsprint and Papers Limited, CHENNAI for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor/auditors appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 28.05.2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of TAMILNADU NEWSPRINT AND PAPERS LIMITED, CHENNAI for the year ended 31 March 2019 under section 143 (6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143 (6) (b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

COMMENTS ON THE ACCOUNTS OF TAMIL NADU NEWSPRINT AND PAPERS LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH, 2019

BALANCE SHEET

I. Assets (a) Property, plant and equipment (Note 4) Rs.38794.94 lakh.

This head is under-stated by Rs.130.71 lakh being the Cess payable to Workers' Welfare Fund constituted by the Tamil Nadu Construction Workers Welfare Board in respect of construction works carried out for Units I and II. Non-provision of the Cess payable and non-capitalisation of the amount with the relevant assets has resulted in under-statement of fixed assets by Rs.130.71 lakh and corresponding understatement of depreciation.

Hence, the report by the Statutory Auditor vide item vii (a) of Annexure B to the Auditors' Report that the Company is regular in depositing with appropriate authorities undisputed statutory dues and there are no undisputed statutory dues outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable is not correct.

Notes to the Financial Statements of TNPL

Note 4(b)

The above figures of land, under PPE, does not include cost of land measuring 41.89 acres since till date the company has not received the final valuation of the land from the Government of Tamil Nadu.

**For and on behalf of the
Comptroller & Auditor General of India**

Place: Chennai
Date: 23.08.2019

(VISHWANATH SINGH JADON)
ACCOUNTANT GENERAL

TAMIL NADU NEWSPRINT AND PAPERS LIMITED

ADDENDUM TO THE DIRECTORS' REPORT ON THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013

| Comments of the Comptroller & Auditor General of India | Reply |
|--|---|
| <p>BALANCE SHEET</p> <p>I. Assets (a) Property, Plant and Equipment (Note 4) Rs.38794.94 Lakh</p> <p>The head is under-stated by Rs.130.71 lakh being the Cess payable to Workers Welfare Fund constituted by the Tamil Nadu Construction Workers Welfare Board in respect of construction works carried out for Units I and II. Non-provision of the Cess payable and non-capitalisation of the amount with the relevant assets has resulted in under-statement of fixed assets by Rs. 130.71 lakh and corresponding understatement of depreciation. Hence, the report by the Statutory Auditor vide item vii(a) of Annexure B to the Auditors' Report that the Company is regular in depositing with appropriate authorities undisputed statutory dues and there are no undisputed statutory dues outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable is not correct.</p> | <p>The Manual Construction Workers welfare Cess payable to Local Panchayat as per Tamil Nadu Manual workers (Regulation of Employment and Conditions of work) Act, 1982 @ 1% on the value of Building accrue and arise only after approval of Building Plan and Drawings by the Department of Town and Country Planning (DTCP), Government of Tamil Nadu.</p> <p>The company's building plan is pending for approval at DTCP and the payment for Infrastructure & Basic Amenities Fee (I&A Fee) have already been paid during the current year based on receipt of revised demand which was pending since the plan submitted in the year 2016 with DTCP and pending revision of fee by DTCP. The DTCP has not yet forwarded their approval to Local Panchayat to raise Manual Construction Workers welfare cess and among other levies.</p> <p>As per the procedure in vogue in Tamil Nadu, the approval of Building plan and drawings by the DTCP and receipt of approved Building Plan and drawings by Local panchayat from DTCP is pre-requisite to raise demand on TNPL for the payment of cess for Manual construction workers welfare fund. This was confirmed by the Executive Officer, Tamilnadu Kagitha Alai Town Panchayat, Pugalur vide Letter Na.ka.No. 63/2019/A2 dated 06.08.2019 and the Special Officer, Block Development Officer (Village Panchayat), Panchayat Union, Manaparai vide Letter No.Na.Ka.aa3/1800/2019 dated 07.08.2019.</p> <p>The Company is indeed awaiting Demand from the Local Panchayats to remit Manual workers welfare cess.</p> <p>As there is no demand raised by the Local panchayat for Manual construction workers welfare cess as of date, no outstanding cess payable by the Company. When there is no demand itself the question of reporting on an undisputed amount unpaid does not arise. In other words, since there is no undisputed cess outstanding and overdue for the period of more than six months from the date they became payable and pending for payment as on 31st March 2019, the disclosure of the same does not arise hence the same was not reported in the para vii(a) of Annexure B to Auditors Report.</p> |

Notes to the Financial Statements of TNPL

Note 4(b)

The above figures of land, under PPE, does not include cost of land measuring 41.89 acres since till date the company has not received the final valuation of the land from the Government of Tamilnadu.

The Government vide G.O. (Ms).No.447 dated 11.11.2013 has granted Enter Upon Permission to the extent of 41.89 acres of Government poramboke lands in Mondipatti, K.Periyapatti and Chettichatram village of Manapparai Taluk, Tiruchirappalli District pending finalization of regular alienation. The company is following up with Government authorities for full-fledged regular alienation of poramboke land in favour of the company and fixing land cost. Therefore, pending receipt of G.O. for exact value to be remitted for the Government poramboke land, the land value is not capitalized. Unless the title with regular alienation together with the compensation is fixed by the Government of Tamilnadu, the cost cannot be estimated and accounted.

The fact of acquisition of Government poramboke land has already been disclosed in the footnotes (b) of Note No.4 – Property, Plant and Equipment.

Place: Chennai
Date: 13.09.2019

**For and on behalf of
Tamil Nadu Newsprint and Papers Limited**

**S.SIVASHANMUGARAJA, IAS
MANAGING DIRECTOR**